



MAGNESIUM CORPORATION OF AMERICA

238 North 2200 West - Salt Lake City, UT 84116-2921
801/532-2043 - 800/262-9624 - FACSIMILE 801/534-1407

m/045/022

July 25, 2001

RECEIVED

JUL 26 2001

DIVISION OF
OIL, GAS AND MINING

Mary Ann Wright, Associate Director of Mining
Wayne Hedberg, Permit Supervisor – Minerals Program
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Kurt Seel, Assistant Attorney General
160 East 300 South, Fifth Floor
P.O. Box 140857
Salt Lake City, Utah 84114-0857

Re: Change of the Scope of the Approval Reclamation
Plan and Proposed Increase of the Reclamation Bond

Dear Ms. Wright, Mr. Hedberg, and Mr. Seel:

This letter is written in response to the letter from Ms. Wright dated July 13, 2001, and in response to the letter from Mr. Seel dated July 19, 2001. Magcorp also appreciates the opportunity to meet with the Division to discuss not only the proposed increase in the Reclamation Bond for the Knolls project area, but also the complete change of the scope of work proposed by the BLM.

With respect to the July 13, 2001, letter from Ms. Wright, I will only add that I believe Mr. Hedberg's documentation of the Magcorp meeting of July 12, 2001, is somewhat incomplete, and does not fully set forth the concerns expressed by Magcorp relating to the expansion of the scope of work and also Magcorp's disappointment that the Division did not take the time to perform a detailed line-by-line cost estimate of the BLM proposal. While I understand Mr. Gallegos previously looked at the figures and the assumptions, he did so prior to Magcorp taking the time and effort to rebut the BLM's proposal. It is Magcorp's understanding that no one at the Division has seriously considered the contested costs as identified in Magcorp's response to the BLM proposal.

It was also Magcorp's understanding that Mr. Seel would provide Magcorp with the legal basis justifying the assertion that the BLM has the unilateral right to increase the scope of the reclamation plan based upon "the changing of the rules over the past 15 years regarding environmental regulations and reclamation expectations." Magcorp has indicated on numerous occasions that in 1990 all of the entities involved gave final approval of the permit transfers, approved the scope of the reclamation plan, and set the amount of replacement reclamation securities relating to the Knolls Solar Evaporation project and the Rowley processing plant. For your convenience, attached is the July 26, 1990, letter from Mr. Hedberg; the July 9, 1990, memo from Mr. Hedberg; the DOJ Minerals Program; and the attached Mining and Reclamation Plan and Summary. I specifically direct your attention to the page numbered M016965. Pursuant to Paragraph 12: **"This contract represents the entire agreement of the parties involved and any modification must be approved in writing by the parties involved."**

At present, the issue is not whether the Division has a right to insist upon a reclamation bond, after all a reclamation plan has been approved and is in place, and a bond has already been provided. Rather, the issues are: (1) Whether the BLM can unilaterally change the entire scope of the reclamation plan after all of the parties have agreed to the plan; have contractually bound themselves to such agreement, and the plan has been approved; and (2) if so, whether the BLM can unilaterally set the manner in which such reclamation must take place and the amount of the bond.

It continues to be Magcorp's position that the scope of the reclamation cannot be changed without Magcorp's consent. At the time of our last meeting, Ms. Wright and Mr. Hedberg both indicated there are statutes, case law, and legal authority setting forth that the landowner may unilaterally change the scope of the reclamation, and the landowner may unilaterally set reasonable requirements for such reclamation. However, it seems eminently unfair to agree to a reclamation plan, have the plan approved, agree to the amount of the bond, post the bond, cause Magcorp to invest millions of dollars in the creation of a facility, and then over 10 years later, allow the BLM to unilaterally change the entire scope of the reclamation plan, and unilaterally increase the reclamation bond from \$120,000 to over \$6 million.

While Magcorp appreciates the Division's reduction of the proposed bond to \$4 million, the central issue continues to be can the BLM unilaterally change the scope of the reclamation, and if so, whether the manner of the proposed reclamation and the cost proposed by the BLM are excessive. It is Magcorp's position that all of the parties are bound by the 1990 approved reclamation plan, and that the amount currently bonded is sufficient to cover the amount of work necessary under the original reclamation plan.

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In the event there are statutes and legal authority to justify a unilateral change of the scope of the approved reclamation plan, it is Magcorp's position that rather than just reduce the amount proposed by the BLM by taking into consideration only administrative fees and profit, it is necessary to do a detailed, line-by-line analysis of the scope of the proposed work. Magcorp has provided the Division with the detailed analysis of those areas for which the proposed cost of the BLM's "new" reclamation plan are excessive.

Finally, with respect to the specific questions asked in Mr. Seel's July 19, 2001, letter, Magcorp responds as follows:

- (1) Magcorp does not know the reason why the BLM has unilaterally requested a change in the scope of the reclamation plan, but Magcorp suspects this may be a further demonstration of the BLM's on-going harassment of Magcorp;
- (2) Magcorp believes that the central legal issues are whether the BLM can unilaterally change the scope of the approved reclamation plan, thus causing an increase from the agreed-to reclamation bond of \$120,000 to over \$6 million, and whether even if the BLM is legally entitled to unilaterally change the scope of the approved plan, whether the State of Utah is obligated to perform its' own detailed analysis of the cost of the proposed increased reclamation plan, or simply rely on the BLM's estimate, thus refusing to take into consideration those contested costs Magcorp contends are excessive.

I again request that you provide Magcorp with the statutory and legal authority that allows the BLM to unilaterally change the scope of the approved reclamation plan. I would also appreciate all of the statutory authority and legal justification supporting the Division's position that it can accept the BLM proposal and require an increase of the bond to over \$4 million without doing its' own analysis.

It is premature for Magcorp to make a decision as to whether it will consent to an increase of the reclamation bond. Absent some legal justification to the contrary, it continues to be Magcorp's position that the BLM may not unilaterally change the scope of the approved reclamation plan without Magcorp's consent, and that the amount of the bond currently in place sufficiently covers the work necessary to be done under the approved reclamation plan. To the extent the reclamation plan can be unilaterally changed, the amount requested by the BLM, and the amount currently agreed to by the State, is excessive.

Wright, Hedberg, & Seel
July 25, 2001
Page 4

I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read 'TJR', with a long horizontal flourish extending to the right.

Tony J. Rudman
Counsel for Magcorp

Attachment

000623

Contract shall be governed and construed in accordance with the laws of the State.

Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.

Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.

11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this 30th day of July 1990.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
Chairman, Board of Oil, Gas and Mining



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangert
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

CC: T. Tripp
11/10/2000
-m/045/022

RECEIVED
AUG 1 1990
MINING

July 26, 1990

Mr. Lee R. Brown
Vice President
Magnesium Corporation of America
238 North 2200 West
Salt Lake City, Utah 84116

Dear Mr. Brown:

Re: Final Approval of the Permit Transfers and the Amount and Form of Replacement Reclamation Sureties, Knolls Solar Evaporation Pond Project and Rowley Processing Plant, M/045/022 & M/045/008, Tooele County, Utah

On July 26, 1990, the Division requested the Board of Oil, Gas and Mining's concurrence on the amount and form of Replacement Surety for Magnesium Corporation of America's (Magcorp) Knolls Solar Evaporation Pond project. We also presented the Board with the revised Reclamation Contract form for the Rowley Processing Plant & Oolitic Sands mining project. The Board granted its concurrence of the permit transfers and approved the replacement sureties for both mine sites.

I have enclosed a copy of the final signed documentation for both projects for your file reference. Thank you for your patience and cooperation in finalizing this permitting action. Please call me should you have any questions or concerns regarding this approval action.

Sincerely,

D. Wayne Hedberg
Permit Supervisor, Mineral Program

jb
Attachments
cc: Howard Hedrick, BLM, Pony Express RA
Rod Thompson, Tooele County
Lowell Braxton

WMN.1/1-2



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

July 9, 1990

TO: Board of Oil, Gas and Mining
THRU: Dianne R. Nielson, Director
THRU: Lowell P. Braxton, Associate Director, Mining *2013*
FROM: D. Wayne Hedberg, Permit Supervisor *DWH*
RE: Request for Board Concurrence, Permit Transfer, Amount and Form of Replacement Reclamation Surety, Magnesium Corporation of America (Magcorp), Knolls Solar Evaporation Pond Project, M/045/022, Tooele County, Utah

The Division seeks the Board's concurrence and acceptance of the amount and form of replacement reclamation surety provided by Magnesium Corporation of America (Magcorp) for the Knolls Solar Evaporation Pond Project, in Tooele County, Utah. Magcorp has acquired this mining property from the previous operator, Amax Magnesium Corporation, and will now assume continued operations and reclamation responsibilities for this project area.

Attached is an Executive Summary of the permitted operation, a copy of the Permit Transfer form (FORM MR-TRL), a revised reclamation surety estimate (\$110,000 - 1995 dollars), and a new Reclamation Contract (FORM MR-RC) Agreement. Magcorp hopes to have a replacement corporate surety bond delivered to the Division by July 13th. Gulf Insurance Company is the surety providing/guaranteeing the surety bond. This company is on the 1989 Federally published list of companies found acceptable as sureties and reinsurers on Federal bonds. A copy of the surety bond will be forwarded to the Board upon the Division's receipt.

Thank you for your time and consideration of this permitting action.

dwh
Attachments
WMN2/27

an equal opportunity employer

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DOGM MINERALS PROGRAM

CHECK LIST FOR BOARD APPROVAL
OF
FORM AND AMOUNT OF SURETY

Mine Name KNOLLS SOLAR EVAP. POND PROJECT

File No. M/045/022

Item	Provided		Remarks
	Yes	No	
Executive Summary	X		From Original Issuance of Permit
Location Map	X		
Reclamation Bond Estimate	X		Original Bond Estimate (REVISED)
Signed Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification			Forthcoming
Bond			Forthcoming
Surety Signoff (Other State/Federal Agencies)		X	NA

IN76/12

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EXECUTIVE SUMMARY - NEW PERMIT
(June 1, 1967)

Mine Name: Knolls Solar Ponds I. D. No.: M/045/022
Operator: AMAX Magnesium Corporation. County: Tooele
258 North 2200 West New/Existing: New
Salt Lake City, UT 84116 Mineral Ownership: BLM and State
Telephone: 801-532-1522 Surface Ownership: BLM and State
Contact Person: Mr. Lee R. Brown Lease No.(s): _____
Life of Mine: 20 years Permit Term: 5 years

Legal Description: Portions of Sections 5-8, 17-21, and 28-33, Township 1 North, Range 12 West; Sections 1-36, Township 1 North, Range 13 West; Sections 14, 23, 25, 26, and 36, Township 1 North, Range 14 West; Sections 4-6, 7-9, 18 and 19, Township 1 South, Range 12 West; and Sections 1-18, Township 1 South, Range 13 West; SLBM, Tooele County, Utah.

Mineral(s) to be Mined: Magnesium and associated mineral salts

Mining Methods: Solar evaporation operation; removal by loaders and scrapers

Acres to be Disturbed: 54,000 acres.

Present Land Use: Wildlife.

Postmining Land Use: Wildlife.

Variances from Reclamation Standards (Rule M-10) Granted: M-10(7) Roads and Pads, M-10(12) Revegetation, M-10(13) Dams, M-10(14) Soils

Soils and Geology:

Soil Description: highly saline, silty clays exhibiting poor soil development

pH: Not determined - alkaline

Special Handling Problems: Low erosion hazard, very flat topography.

Geology Description: West desert dry playa surface, Quaternary/late Pleistocene Lake Bonneville alluvial sediments.

Hydrology:

Ground Water Description: Ground water in the area occurs within a deep stratified aquifer in unconsolidated valley fill and a shallow brine aquifer near the surface of the valley fill. Neither aquifer contains potable water, as total dissolved solids concentrations often exceed 100,000 milligrams per liter.

Surface Water Description: No perennial or intermittent streams are found within the project area. The major surface water features in the general vicinity include the Great Salt Lake and the proposed west pond (to be created by the West Desert Pumping Project).

Water Monitoring Plan: None proposed due to the saline nature of the water resource.

Ecology:

Vegetation Type(s): The majority of the project will be constructed on mud flats. This vegetation type is generally devoid of vegetation due to the high salt content. Small greasewood shrubs and iodine bush are sparsely distributed at densities less than 5 percent. Dune areas are mainly of the greasewood type, dominated by greasewood, shadscale and four-wing saltbrush

Percent Surrounding Vegetative Cover: 0-5% for mudflats, 10-30% for dune areas

Wildlife Concerns: Minimal concerns, limited wildlife use, no T & E species

Surface Facilities: The proposed project consists of a 7.1 mile inlet canal, seven evaporation ponds, three small canals, four pump stations, and a 767 acre foot reservoir. Other associated facilities include a maintenance and office building, parking lots, on-site power facilities, and a 6.1 acre foot flush water reservoir.

Mining and Reclamation Plan Summary: See attached summary.

Surety:

Amount: \$1,737,900

Form: Bond

Renewable Term: 5 years

ATTACHMENT

Mining and Reclamation Plan Summary
AMAX Magnesium Corporation
Knolls Solar Ponds
ACT/045/022

June 1, 1987

AMAX Magnesium Corporation has requested the use of approximately 54,000 acres of public lands nears Knolls, Utah for the development of the Knolls Solar Evaporation Pond System designed to produce brines for magnesium extraction at their existing plant in Rowley, Utah. The ponds would be located adjacent to a 320,000 acre lake (west pond) to be created by the West Desert Pumping Project.

During Operations:

- 1) Topsoil will be removed, stockpiled, and protected from erosion on all areas requiring revegetation.
- 2) Clay borrow areas will be stabilized and regraded to conform with the surrounding natural terrain.
- 3) Topsoil will be redistributed over the regraded area.
- 4) Standard agronomic practices will be used to prepare the seedbed for drill and/or broadcast seeding. The disturbed areas will be reclaimed with native vegetative species.

Following Operations:

- 1) All equipment, structures, and extraneous debris will be removed from the minesite.
- 2) Inlet and feed canals will be refilled and regraded.
- 3) Dikes will be breached in a manner that allows adequate drainage of the solar ponding area and restricts nonessential vehicular use.
- 4) All access and haulage roads not having an approved postmining land use will be reclaimed.
- 5) Interior dikes will be regraded. Exterior dikes will be reclaimed in a manner consistent with the approved postmining land determined by the Division and the Bureau of Land Management upon termination of mining activities.

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Magnesium Corporation of America

238 North 2200 West, Salt Lake City, Utah 84116
(801) 532-2043, Telex 6711664, Fax (801) 534-1407

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JUL 09 1990

DIVISION OF
OIL, GAS & MINING

July 9, 1990

D. Wayne Hedberg
Permit Supervisor
State of Utah Natural Resources
Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Mr. Hedberg,

Enclosed are completed Form MR-TRL Form & Form MR-RC for M/045/022 which are submitted at your request in order to cancel bond #524-12-30 posted on behalf of AMAX Magnesium Corporation. This bond is being replaced with another bond of \$110,000 from Gulf Insurance, 4600 Fuller Drive, Irving, Texas 75038 on behalf of Magnesium Corporation of America.

The completed page 7 of the Reclamation Contract and the Mined Land Reclamation Act Bond MR Form #5 will be forwarded to you later this week when Gulf Insurance completes them.

Your cooperation and assistance in processing this bond replacement request is appreciated.

Sincerely,

Lee R. Brown
Vice President
Magnesium Corporation of America

Enclosures

M016928
000632

**DOG M
MINERALS PROGRAM
FILE COPY**

For Division Use:
File No.: M/045/022
Effective Date: JULY 26, 1990
DOG M Lead: DWH

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED
JUL 09 1990

TRANSFER OF NOTICE OF INTENTION
LARGE MINING OPERATIONS

DIVISION OF
OIL, GAS & MINING

---oo0oo---

1. (a) Notice of intention to be transferred (file number): M/045/022
- (b) Name of mining operation: Knolls Solar Evaporation Ponds
- (c) Location of mining operation (county): Tooele
- (d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):
AMAX Magnesium Corporation
238 North 2200 West
Salt Lake City, Utah 84116

2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):
Magnesium Corporation of America (Magcorp)
238 North 2200 West
Salt Lake City, Utah 84116
- (b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:
Lee R. Brown, Vice President Magcorp
238 North 2200 West
Salt Lake City, Utah 84116

3. (a) The total disturbed area identified in the approved notice of intention: 54,000 acres (total system)
- (b) The actual number of acres disturbed by the operation through date of transfer: 176 acres
- (c) Attach a legal description of above acreages as Appendix "A" and a map of suitable scale with actual disturbed areas clearly shown and identified.

4. This application must be accompanied by a fully executed and signed Reclamation Contract (Form MR-RC).

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SWORN STATEMENT OF TRANSFEROR

I, Donald H. Wilkinson being first duly sworn under oath,
deposes and says that I am President
(officer or agent)
of AMAX Magnesium Corporation; and that I am duly authorized to
(Corporation/Company Name)
execute and deliver the foregoing obligations; that I have read the said
application and fully know the contents thereof; that all statements contained
in the transfer application are true and correct to the best of my knowledge
and belief. By execution of this statement I certify that the Transferor is
in full compliance with the Utah Mined Land Reclamation Act, the Rules and
Regulations promulgated thereunder, and the terms and conditions of Notice of
Intention No. M/045/022.

D. H. Wilkinson
Signature
DONALD H. WILKINSON
Name (Typed or Print)
PRESIDENT
Title

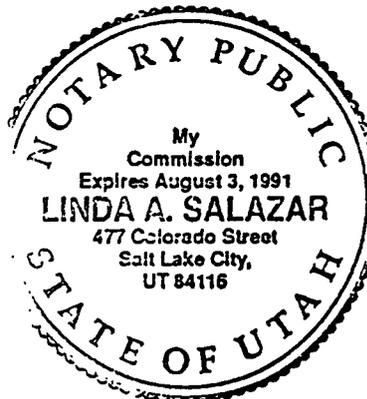
Subscribed and sworn before me this 9 day of July, 1990

Linda A. Salazar
Notary Public

My commission Expires:

8-31, 1991.

State of Utah)
) ss.
County of Salt Lake)



M016930

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FINAL SWORN STATEMENT OF TRANSFEREE

Donald H. Wilkinson being first duly sworn under oath,
depose and say that I am President
(officer or agent)
of Magnesium Corporation of America; and that I am duly authorized to
(Corporation/Company Name)

execute and deliver the foregoing obligations; that I have read the
application and fully understand the contents thereof; that all statements
contained in the transfer application are true and correct to the best of my
knowledge and belief. By execution of this statement, the Transferee agrees
to be bound by the terms and conditions of Notice of Intention
No. M/045/022, the Utah Mined Land Reclamation Act, and the Rules and
Regulations promulgated thereunder.

Donald H. Wilkinson
Signature
DONALD H. WILKINSON
Name (Typed or Print)
PRESIDENT
Title

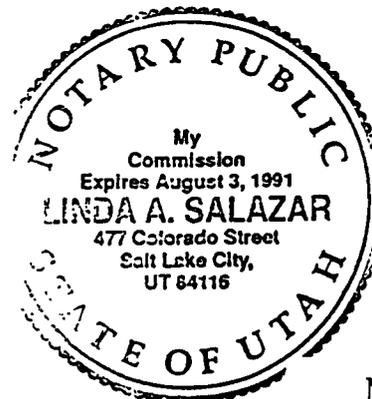
Subscribed and sworn before me this 9 day of July, 1990

Linda A. Salazar
Notary Public

My commission Expires:

8-3, 1991.

State of Utah)
County of Salt Lake) ss.





POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That GULF INSURANCE COMPANY, a corporation of the State of Missouri, hereinafter called "Company," does hereby appoint

TOBIN B. JACOBSON OR WILLIAM R. COTTER OR ALAN J. THOMPSON OR JOHN J. MALONE
OR FRANCESCA PAPA OR EILEEN MALONE
PLAINVIEW, NEW YORK

RECEIVED
JUL 25 1990

DIVISION OF
OIL, GAS & MINING

Its true and lawful Attorney-in-fact to make, execute, seal and deliver on its behalf, as surety, any and all bonds and undertakings of suretyship, subject to a maximum of Three Million and No/100 Dollars (\$3,000,000.00)

The execution of such bonds or undertakings in pursuance of these presents shall be as binding upon the Company as if they had been executed and acknowledged by the regularly elected officers of the Company.

This Power of Attorney is issued pursuant to and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

"Resolved that the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary may appoint Attorneys-in-fact in any state, territory or federal district to represent this Company and to act on its behalf within the scope of the authority granted to them, in writing, which authority may include the power to make, execute, seal and deliver on behalf of this Company, as surety, and as its act and deed, any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require, including authority to appoint agents for the service of process in any jurisdiction, state or federal, and authority to attest to the signature of the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary and to verify any affidavit or other statement relating to the foregoing, and to certify to a copy of any of the bylaws of the Company and to any resolutions adopted by its Board of Directors; and any such Attorney-in-fact may be removed and the authority granted him revoked by the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary, or by the Board of Directors."

This Power of Attorney and Certificate are signed and sealed by facsimile under and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

"Resolved that the signature of the President, or of any Senior Vice President, or of any Vice President, or of the Secretary, or of any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, including any such power of attorney and certificate revoking the authority of the foregoing Attorneys-in-fact, as well as for the appointment of agents for the service of process in any jurisdiction, state or federal, including any such power of attorney and certificate revoking the authority of such agents; and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power of attorney or certificate so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company at the time any such power of attorney and certificate are executed and in the future with respect to any bond or undertaking to which they are attached."

In witness whereof, the Company has caused this Power of Attorney to be signed and its corporate seal to be affixed by its authorized officer this 26th of December 19 89



By [Signature]
Sr. Vice President

STATE OF TEXAS
COUNTY OF DALLAS

ss:

26th day of December, 19 89 before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned to perform the above named officer of GULF INSURANCE COMPANY, who being by me first duly sworn according to law, did depose and say that he is that officer of the company described in the foregoing instrument; that he knows the seal of said company; that the seal affixed to such instrument is the corporate seal of said company; and that the corporate seal and his signature were affixed and subscribed to the said instrument by the authority and direction of said company.



[Signature]
Notary Public
Clifford R. Beard

30th day of June, 19 92

CERTIFICATE

I, the undersigned, do hereby certify that the original Power of Attorney of which the foregoing is a true and correct copy is in full force and effect, and the foregoing resolutions are true and correct transcripts from the records of GULF INSURANCE COMPANY and that the above named officer was on the date of execution of the foregoing Power of Attorney authorized to execute this Power of Attorney.



I have hereunto subscribed my name and affixed the corporate seal of Gulf Insurance Company this 26th day of July, 1990.

M016947

[Signature]
Vice President

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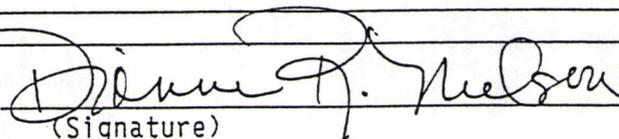
CERTIFICATION OF APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant the same, subject to the following limitations and conditions:

- (a) This transfer of notice of intention grants only the right to affect the lands described in Appendix "A".
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Contract (Form MR-RC). The surety shall be effective on the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired legal right to mine for lands described in Appendix "A".

COMMENTS:

APPROVED:



(Signature)
Director, Division of Oil, Gas and Mining

Effective Date:
NOI No.:

7/26/90

APPROVED AS TO FORM:



(Signature)
Assistant Attorney General

MN9/45-48

APPENDIX A

Legal description of 176 acres of disturbed areas as per revised reclamation and bond estimate for Knolls Solar Evaporation System under Notice of Intention: M/045/022.

- A. Reclaim Clay Borrow Areas - All borrow areas outlined in original reclamation plan have been reclaimed to the satisfaction of UDOGM, BLM and Tooele County. No further reclamation is required as of 6/22/90.

- B. Haul Road Reclamation - No reclamation of haul roads contained in the original reclamation plan do to their continued use by other companies and community pit status.

- C. Grade Canal Area i.e.:
 1. Grade main inlet canal sides to safe slope to ensure safety of public. Disturbed area is 80 ft by 28,500 ft = 52 acres contained within T1NR13W Sec 6, 7, and T2NR13W Sec. 6, 7, 15, 19, 30, 31.
 2. No. 2 Pump Feed Canal - Grade canal bank areas to safe slope to protect public. Disturbed area is 60 ft by 8600 ft = 12 acres contained within T1NR13W Sec. 11 and 14.
 3. No 7 Inlet Canal - Grade canal bank areas to safe slope to protect public. Disturbed area is @ 150 ft by 7500 ft = 26 acres contained within T1NR13W Sec. 13 and 14.
 4. Interior dikes pond 7 - lower pond 7 interior dikes to safe level and slope to protect public. Disturbed area is 100,000 linear feet of dike @ 46 acres contained within T1NR13W Sec. 1, 11, 12, 13, 14 and T1NR12W Sec. 5, 6, and 7.
 5. Grade down maintenance building pad area and reservoir dikes to original reclamation plan specifications. Disturbed area is @ 40 acres contained within T1NR13W Sec. 14 and 15.

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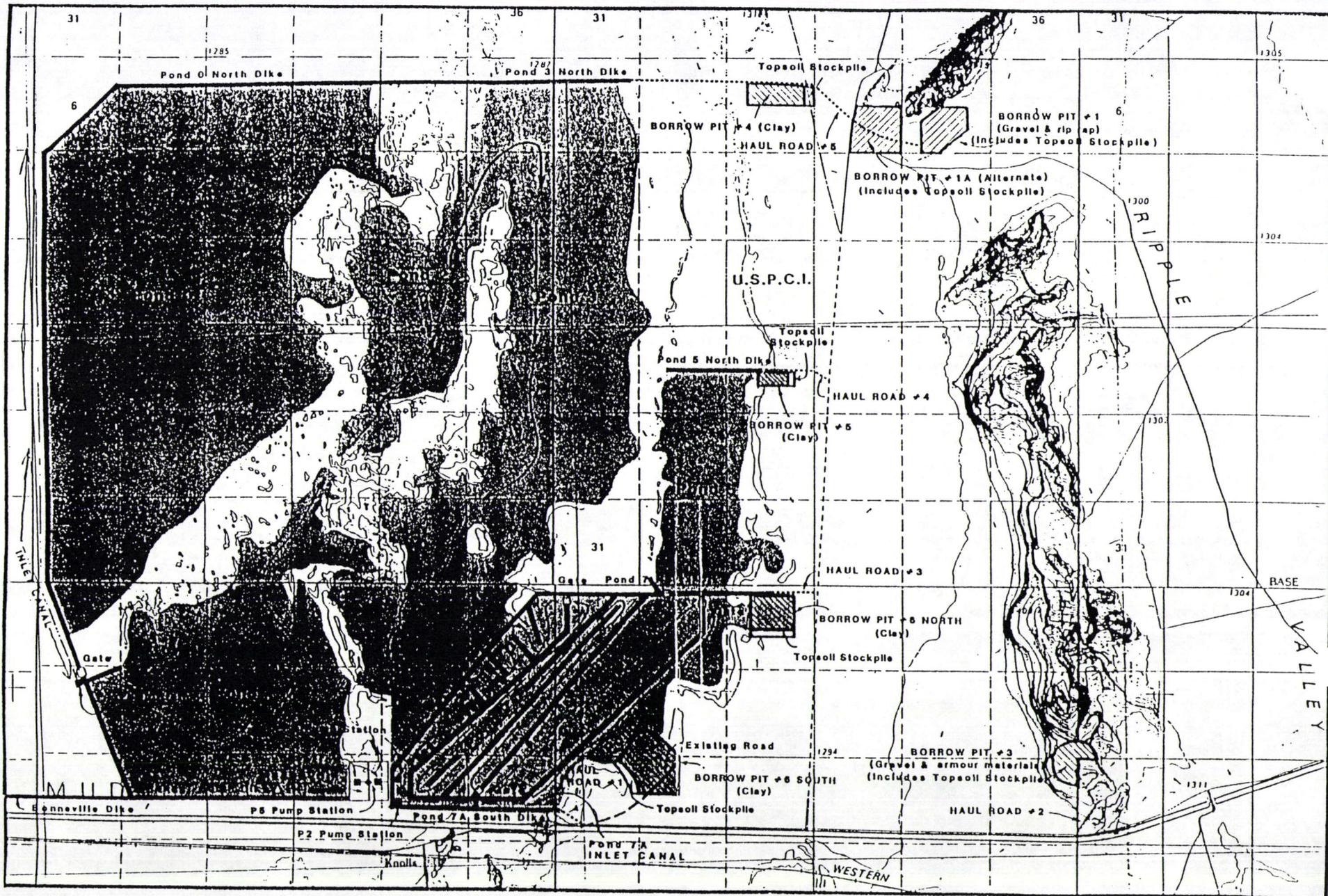


Figure 5. KNOLLS SOLAR EVAPORATION POND SYSTEM PROPOSED BORROW SITES.

**NOTE: All borrow areas are reclaimed as of 6/22/90.

M016934

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DO NOT
MINERALS PROGRAM
FILE COPY

File Number M/045/022

Effective Date 7/26/90

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED
JUL 09 1990

DIVISION OF
OIL, GAS & MINING

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/045/022
(Mineral Mined) Lake Salts

"MINE LOCATION":
(Name of Mine) Knolls Solar Evaporation Ponds
(Description) Knolls, Tooele County, Utah

"DISTURBED AREA":
(Disturbed Acres) 176 acres
(Legal Description) See Appendix A

"OPERATOR":
(Company or Name) Magnesium Corporation of America
(Address) 238 North 2200 West
Salt Lake City, Utah 84116
(Phone) 801-532-2043

"OPERATOR'S REGISTERED AGENT":	
(Name)	<u>Lee R. Brown, Vice President</u>
(Address)	<u>238 North 2200 West</u> <u>Salt Lake City, Utah 84116</u>
(Phone)	<u>801-532-2043</u>
"OPERATOR'S OFFICER(S)":	<u>Donald H. Wilkinson</u> <u>Thomas J. Frazer</u>
"SURETY":	
(Form of Surety - Exhibit B)	<u>Surety Bond - Exhibit B</u>
"SURETY COMPANY":	
(Name, Policy or Acct. No.)	<u>GULF INSURANCE CO</u>
"SURETY AMOUNT":	
(Escalated Dollars)	<u>\$110,000</u>
"ESCALATION YEAR":	<u>1995 at 1.84%/year</u>
"STATE":	<u>State of Utah</u>
"DIVISION":	<u>Division of Oil, Gas and Mining</u>
"BOARD":	<u>Board of Oil, Gas and Mining</u>
EXHIBITS:	Revision Dates:
A "DISTURBED AREA":	<u>7/26/90</u> _____
B "SURETY":	<u>7/26/90</u> _____

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/045/022 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area:

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure to Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.

8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this 30th day of July 1990.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
Chairman, Board of Oil, Gas and Mining

SURETY:

GULF INSURANCE COMPANY
Surety Company

RECEIVED
JUL 25 1990

DIVISION OF
OIL, GAS & MINING

By Tobin B. Jacobson
Company Officer - Position
Tobin B. Jacobson, Attorney-in-fact

July 26, 1990
Date

STATE OF NEW YORK)
COUNTY OF NASSAU) SS:

On the 26th day of July, 19 90, personally
appeared before me Tobin B. Jacobson who being
by me duly sworn did say that he/she, the said Tobin B. Jacobson
is the attorney-in-fact of Gulf Insurance Company
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Tobin B. Jacobson duly acknowledged to me that said
company executed the same.

FRANCESCA PAPA
Notary Public
Residing at: Plainview, New York

FRANCESCA PAPA
Notary Public, State of New York
No. 4842535 Suffolk County
Cert. Filed in Suffolk County
Commission Expires Jan. 8, 1992

My Commission Expires: _____

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

APPENDIX A

Legal description of 176 acres of disturbed areas as per revised reclamation and bond estimate for Knolls Solar Evaporation System under Notice of Intention: M/045/022.

- A. Reclaim Clay Borrow Areas - All borrow areas outlined in original reclamation plan have been reclaimed to the satisfaction of UDOGM, BLM and Tooele County. No further reclamation is required as of 6/22/90.

- B. Haul Road Reclamation - No reclamation of haul roads contained in the original reclamation plan do to their continued use by other companies and community pit status.

- C. Grade Canal Area i.e.:
 - 1. Grade main inlet canal sides to safe slope to ensure safety of public. Disturbed area is 80 ft by 28,500 ft = 52 acres contained within T1NR13W Sec 6, 7, and T2NR13W Sec. 6, 7, 15, 19, 30, 31.
 - 2. No. 2 Pump Feed Canal - Grade canal bank areas to safe slope to protect public. Disturbed area is 60 ft by 8600 ft = 12 acres contained within T1NR13W Sec. 11 and 14.
 - 3. No 7 Inlet Canal - Grade canal bank areas to safe slope to protect public. Disturbed area is @ 150 ft by 7500 ft = 26 acres contained within T1NR13W Sec. 13 and 14.
 - 4. Interior dikes pond 7 - lower pond 7 interior dikes to safe level and slope to protect public. Disturbed area is 100,000 linear feet of dike @ 46 acres contained within T1NR13W Sec. 1, 11, 12, 13, 14 and T1NR12W Sec. 5, 6, and 7.
 - 5. Grade down maintenance building pad area and reservoir dikes to original reclamation plan specifications. Disturbed area is @ 40 acres contained within T1NR13W Sec. 14 and 15.

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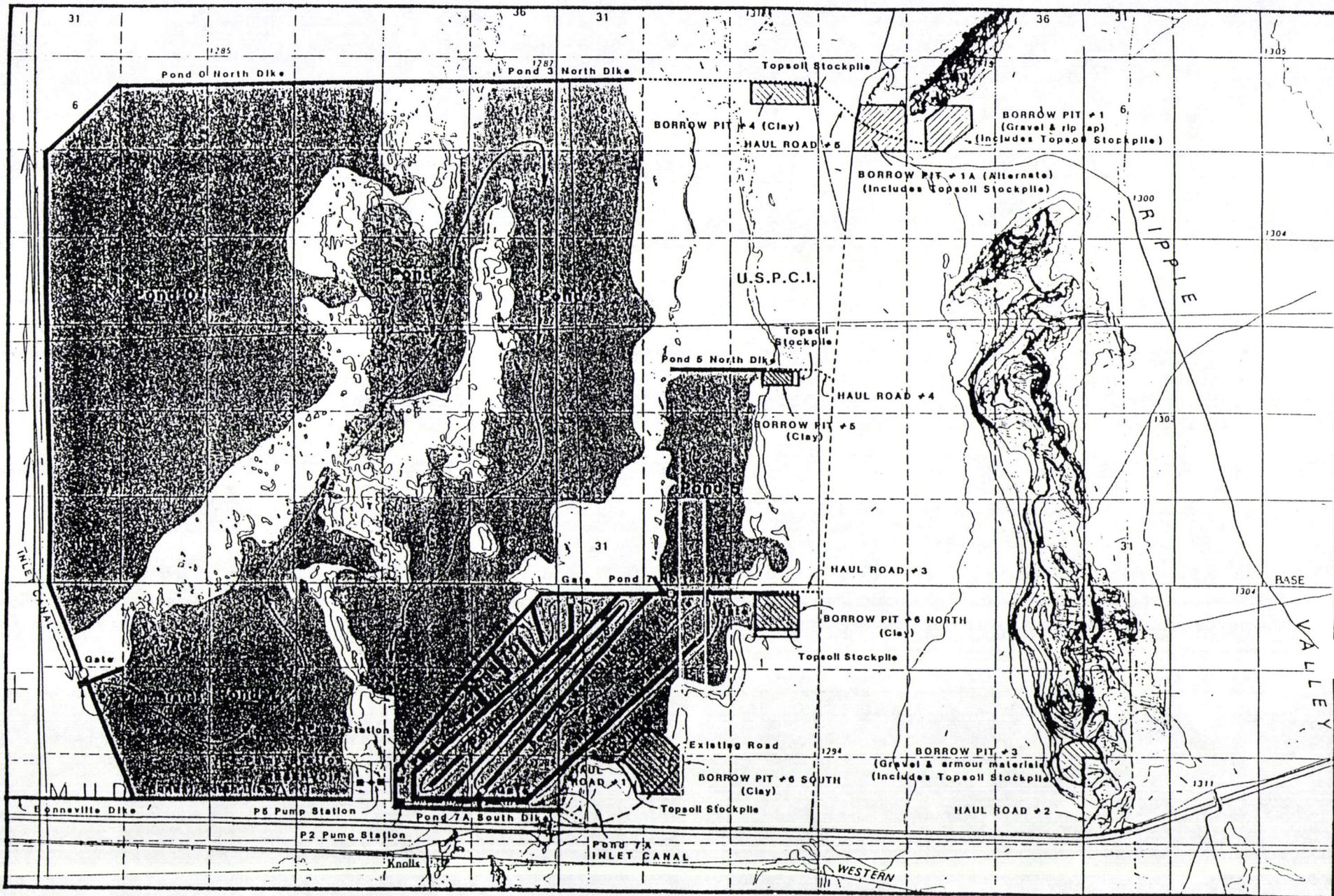


Figure 5. KNOLLS SOLAR EVAPORATION POND SYSTEM PROPOSED BORROW SITES.

**NOTE: All borrow areas are reclaimed as of 6/22/90.

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MR FORM 6
Joint Agency Bonding Form

(January 1990)
(Noncoal)

Bond Number GA5410413B
Permit Number S.U.L.P. 711 Statelands
Mine Name Knolls Solar Evaporation Ponds

DOGM PERMIT #: M/045/022

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED
JUL 25 1990

THE MINED LAND RECLAMATION ACT

BOND

DIVISION OF
OIL, GAS & MINING

The undersigned Magnesium Corporation of America
as Principal, and GULF INSURANCE COMPANY
as Surety Company, hereby jointly and severally bind ourselves, our heirs,
administrators, executors, successors and assigns unto the State of Utah,
Division of Oil, Gas and Mining, ~~and~~ _____
_____ in the penal sum
of One Hundred Ten Thousand and no/100 dollars
(\$***110,000.00***).

The Principal estimated in the Mining and Reclamation Plan filed with the
Division of Oil, Gas and Mining on the 26th day of July, 1990,
that ***176*** acres of land will be disturbed by this mining operation
in the State of Utah. A description of the disturbed land is attached hereto
as Exhibit "A".

When the Division has determined that the Principal has satisfactorily
reclaimed the above-mentioned lands affected by mining in accordance with the
approved Mining and Reclamation Plan and has faithfully performed all
requirements of the Mined Land Reclamation Act, and complied with the Rules
and Regulations adopted in accordance therewith, then this obligation shall be
void; otherwise it shall remain in full force and effect until the reclamation
is completed as outlined in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
piecemeal or cyclic basis, and the land is reclaimed in accordance with such
plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the Surety Company.

This bond may be cancelled by the Surety Company after ninety (90) days
following receipt by the Division and the Principal of written notice of such
cancellation. The Surety Company's liability shall then, at the expiration of
said ninety (90) days, cease and terminate except that the Surety Company will
retain liability for any outstanding reclamation obligation of the Principal
existing prior to the termination of the Bond.

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Page 2
NONCOAL
MR-5

NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.

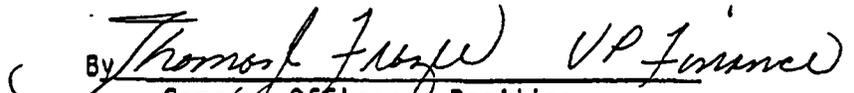
Dated this 26th day of July, 1990.

State of Utah
Board of Oil, Gas and Mining



Gregory P. Williams, Chairman

Magnesium Corporation of America
Principal (Company)

By  VP Finance

Company Officer - Position

Date: July 26, 1990

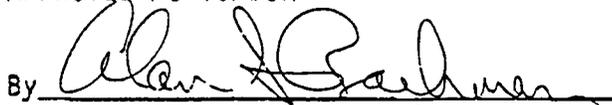
GULF INSURANCE COMPANY
Surety Company

By 

Surety Company Officer - Position
Tobin B. Jacobson, Attorney-in-fact

Date: _____

APPROVED AS TO FORM:

By 

Assistant Attorney General

Page 3
NONCOAL
MR-5

AFFIDAVIT OF QUALIFICATION

Tobin B. Jacobson, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) agent of said Surety Company, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety Company is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations.

Signed *Tobin B. Jacobson*
Surety Company Officer - Position
Tobin B. Jacobson, Attorney-in-fact

Subscribed and sworn to before me this 26th day of July, 19 90

Francesca Papa
Notary Public

My Commission Expires:

Jan. 6, 19 *92*

FRANCESCA PAPA
Notary Public, State of New York
No. 4842535, Suffolk County
Cert. Filed in *Suffolk* County
Commission Expires Jan. 6, 19*92*

MN79/4-6

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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

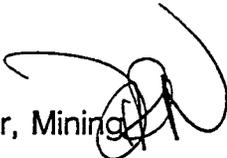
Salt Lake City, Utah 84180-1203

801-538-5340

June 7, 1990

TO: Board of Oil, Gas and Mining

THRU: Dianne R. Nielson, Director 

THRU: Lowell P. Braxton, Associate Director, Mining 

FROM: D. Wayne Hedberg, Permit Supervisor *HHS for DWH*

RE: Request for Board Concurrence, Permit Transfer, Amount and Form of Replacement Reclamation Surety, Magnesium Corporation of America (Magcorp), Rowley Processing Plant & Ponds, M/045/008, Tooele County, Utah

The Division seeks the Board's concurrence and acceptance of the Permit Transfer and the amount and form of replacement reclamation surety provided by Magcorp for the Rowley Processing Plant & Ponds, in Tooele County, Utah. Magcorp has acquired the property from the previous operator, Amax Magnesium Corporation, and will now assume continued operations and reclamation responsibilities for this mine property.

Attached is an Executive Summary of the permitted operation, a Permit Transfer form (Form MR-TRL), a replacement Reclamation Surety (\$15,278), and a new Reclamation Contract (Form MR-RC) Agreement. The \$15,278 surety has been set up in an escrow account at Zion's First National Bank through a procedure handled by the State Treasurer's Office. Earned interest will accumulate in the escrow account. Magcorp hopes to replace this form of surety with a surety bond at a future date. The Division will re-evaluate the reclamation estimate for this project at that time.

Magcorp is under threat of possible litigation from Amax if all appropriate sureties are not in place by a specified deadline (as per their sales contract). Thank you for your time and consideration of this matter.

jb
Attachments
WMN2/26

DOGM MINERALS PROGRAM

**Check list for Board Approval
of
FORM AND AMOUNT OF SURETY**

Mine Name Rowley Processing Plant and Ponds

File No. M/045/008

Item	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		
Signed Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification		X	
Bond	X		Corporate check turned over to State Treasurers Office. Set up Escrow Account.
Surety Signoff (Other State/Federal Agencies)		X	
Permit Transfer Form (MR-TRL)	X		

jb
WMNcklst/4

M016949

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EXECUTIVE SUMMARY

N.L. Industries Magnesium Division

Rowley Plant
ACT/045/008
Section 10, Township 2 North, Range 8 West
Tooele County, Utah

May 1979

LOCATION:

N.L. Industries Magnesium Division is operating an evaporation mining operation and an oolitic sand placer operation between Lakeside Mountains and Stansbury Island in the Stansbury Basin. This area is approximately 45 miles west of Salt Lake City off of Interstate 80. N.L. Industries holds State leases on approximately 36,000 acres in the area of townships 1 - 3 north and ranges 6 - 8 west. Refer to the enclosed maps for location.

SOILS AND GEOLOGY:

The major portion of N.L. Industries lease area is located on the Great Salt Lake mud flats with the remainder located on Lake Bonneville deposits.

Soils in the area are very sandy. Soils will be stockpiled during the oolitic sand placer operation. N.L. Industries will attempt to revegetate the area following spreading of stockpiled soil over the area.

HYDROLOGY:

Water from the Great Salt Lake is pumped into Solar Pond #1 (shown on map #1). From there it is routed through the system of ponds #2 and #3 as shown. As it travels through the different ponds, the concentration of magnesium is increased by the evaporation of the water. As the water evaporates many of the salts are precipitated out by nature and aided by chemical treatment. From pond #3 the concentrated magnesium solution is piped to the plant site where the magnesium salt is removed from the water and the water is then discharged into the Great Salt Lake.

Water from the Skull Valley flowing through Delle Springs is the only major source of fresh water in the area. N.L. Industries has rights to a portion of this water, which is used in the mining process.

The oolitic placer operation will use some of the water from Skull Valley. This will be used to wash and screen the sand for the greatest concentration of oolites. These oolites will be used in the magnesium extraction process at the plant.

No degradation of the water is foreseen.

ECOLOGY:

The area is sparsely vegetated with shadscale, junegrass, sagebrush, and rabbitbush. The area is occasionally used by cattle, in limited numbers.

STRUCTURES AND FACILITIES:

The plant site covers an estimated 225 acres with a large portion of the area taken up by treatment ponds. There are at present two operating pump stations with an additional one proposed. There are approximately 15 miles of roads associated with the operation, but only an estimated 1/2 mile is used exclusively for the operation. The roads are used by many recreationalists for access to Stansbury Island.

MINING AND RECLAMATION:

N.L. Industries has committed to the items listed below:

During Operations:

1. Mining will be conducted in a safe, sound, technical and prudent miner-like fashion, as outlined in the Mining and Reclamation Plan.
2. Only areas listed in the Mining and Reclamation Plan will be disturbed or utilized.
3. Roads will be maintained on a regular basis to enable efficient use and travel.

After Operations:

1. Abandoned areas will be left in a self-draining and non-impounding condition.
2. Comply with all requirements of Rule M-10, Reclamation Standards, wherever applicable.
3. Reseed reclaimed areas of the placer mining operation with a diverse seed mixture as specified in the Mining and Reclamation Plan.
4. N.L. Industries - Magnesium Division will be responsible for successful revegetation of the area, to the extent practicable.

APPLICATION HISTORY:

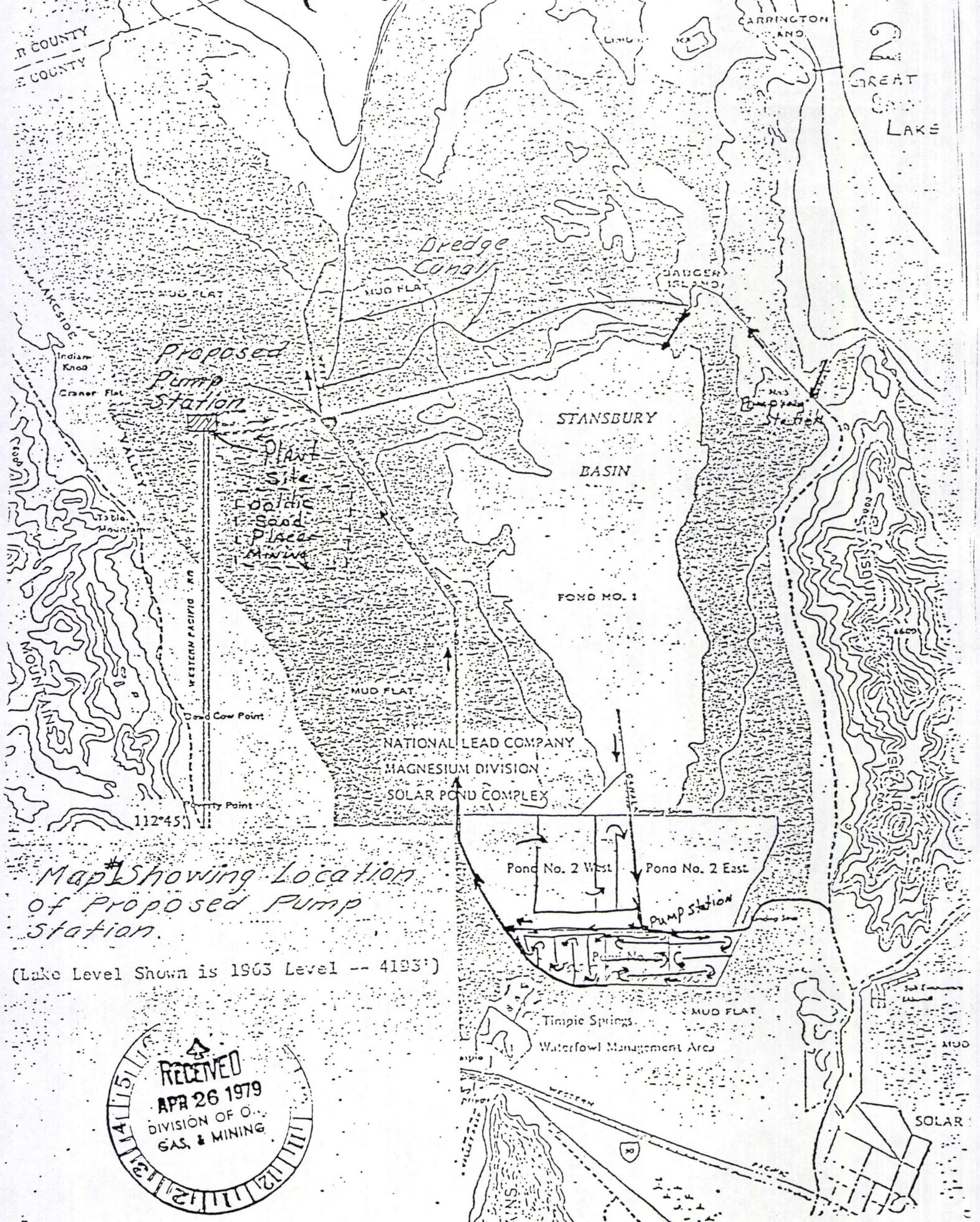
June 27, 1978	Notice of Intent to Commence Mining Operations and Reclamation Plan received.
June 28, 1978	Request for Rule M-10 commitment by Division.
March 14, 1979	Renewal of N.P.D.E.S. Permit received.
April 5, 1979	Rule M-10 commitment received. Variances requested to M-10 (5), (12), (14).
April 12, 1979	Request for additional detailed maps and discussion of variances and when variances are needed.
April 19, 1979	Request by N.L. Industries to amend the Mining and Reclamation Plan to include an oolitic sands placer operation.
April 23, 1979	Field inspection of the area by Tom Suchoski and Mike Thompson of the Division. Accompanied by Mr. McCormick of N.L. Industries.
April 24, 1979	Submittal of maps by N.L. Industries.
April 26, 1979	Request for commitment from N.L. Industries as to revegetation of oolitic sands operation.
May 2, 1979	Commitment as to revegetation received from N.L. Industries.
May 4, 1979	Estimate of surety amount and bond form for surety sent to N.L. Industries for their comment.

DIVISION OF OIL, GAS, AND MINING
BOND ESTIMATE

OPERATOR: N.L. Industries
 MINE NAME: Rowley Magnesium Plant
 LOCATION: Section 10, Township 2 North, Range 6 West
 COUNTY: Tooele
 DATE: May 4, 1979

Operation		Amount	Rate	Cost
A. CLEAN-UP				
1. Removal of structures & equipment.		\$1,000.00	Lump sum	\$1,000.00
2. Removal of trash & debris.		\$ 500.00	Lump sum	\$ 500.00
3. Leveling of ancillary facilities pads and access roads.		200 yd ³	\$2.25/yd ³	\$ 450.00
B. REGRADING & RECONTOURING				
1. Earthwork including haulage and grading of spoils, waste and overburden.		4,800 yd ³	\$0.84/yd ³	\$4,116.00
2. Recontouring of highwalls and excavations.				
3. Spreading of soil or surficial materials.				
C. STABILIZATION				
1. Soil preparation, scarification, fertilization, etc.		24,200 yd ²	\$0.213/yd ²	\$5,154.60
2. Seeding or planting.				
3. Construction of terraces, water-bars, etc.				
5 acre			\$150.00/ac	\$ 750.00
D. LABOR				
1. Supervision.				
2. Labor exclusive of bulldozer time.				
E. SAFETY				
1. Erection of fences, portal coverings, etc.				
2. Removal or neutralization of explosive or hazardous materials.				
MONITORING				
1. Continuing or periodic monitoring, sampling & testing deemed necessary.				
OTHER				
1. Bond for life of 5 years.				
		CAF=1.2763		
			Subtotal	\$11,970.60
			Total	\$15,278.08

000658



Map showing Location of Proposed Pump Station.

(Lake Level Shown is 1963 Level -- 4193')



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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

TRANSFER OF NOTICE OF INTENTION
LARGE MINING OPERATIONS

---oo0oo---

1. (a) Notice of intention to be transferred (file number): M/045/008
(b) Name of mining operation: Magnesium Corporation of America
(c) Location of mining operation (county): Tooele County
(d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):
AMAX Magnesium Corporation
238 North 2200 West, Salt Lake City, Utah 84116
801-532-2043

2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):
Magnesium Corporation of America
238 North 2200 West, Salt Lake City, Utah 84116
801-532-2043
(b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:
Lee R. Brown, Vice President
238 North 2200 West, Salt Lake City, Utah 84116
801-532-2043

3. (a) The total disturbed area identified in the approved notice of intention: 640 acres
(b) The actual number of acres disturbed by the operation through date of transfer: 15 acres
(c) Attach a legal description of above acreages as Appendix "A" and a map of suitable scale with actual disturbed areas clearly shown and identified.

4. This application must be accompanied by a fully executed and signed Reclamation Contract (Form MR-RC).

SWORN STATEMENT OF TRANSFEROR

I, Donald H. Wilkinson being first duly sworn under oath,
deposes and says that I am *D. H. Wilkinson*
(officer or agent)

of AMAX Magnesium Corporation; and that I am duly authorized to
(Corporation/Company Name)

execute and deliver the foregoing obligations; that I have read the said
application and fully know the contents thereof; that all statements contained
in the transfer application are true and correct to the best of my knowledge
and belief. By execution of this statement I certify that the Transferor is
in full compliance with the Utah Mined Land Reclamation Act, the Rules and
Regulations promulgated thereunder, and the terms and conditions of Notice of
Intention No. M/045/008.

D. H. Wilkinson
Signature
Donald H. Wilkinson
Name (Typed or Print)
President
Title

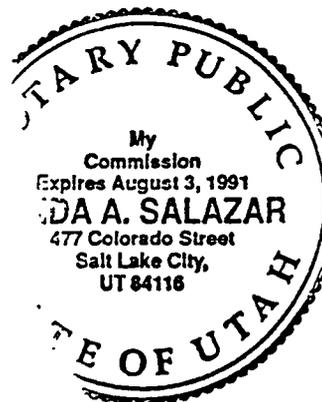
Subscribed and sworn before me this 24 day of May, 19 90

Judith A. Dejeu
Notary Public

My commission Expires:

8-3, 19 91.

State of Utah)
) ss.
County of Wasatch)



FINAL SWORN STATEMENT OF TRANSFEREE

Donald H. Wilkinson being first duly sworn under oath,
depose and say that I am *D. H. Wilkinson*
(officer or agent)

of Magnesium Corporation of America; and that I am duly authorized to
(Corporation/Company Name)

execute and deliver the foregoing obligations; that I have read the
application and fully understand the contents thereof; that all statements
contained in the transfer application are true and correct to the best of my
knowledge and belief. By execution of this statement, the Transferee agrees
to be bound by the terms and conditions of Notice of Intention
No. 11/045/008, the Utah Mined Land Reclamation Act, and the Rules and
Regulations promulgated thereunder.

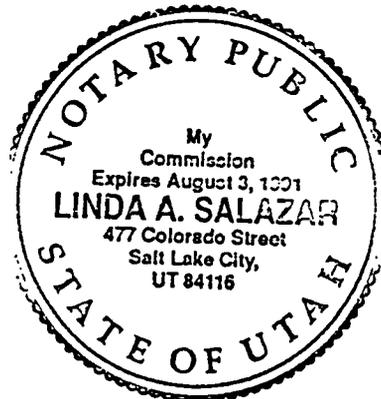
D. H. Wilkinson
Signature
Donald H. Wilkinson
Name (Typed or Print)
President
Title

Subscribed and sworn before me this 24 day of May, 19 90

Linda A. Salazar
Notary Public

My commission Expires:
8-3, 19 91.

State of Utah)
County of Salt Lake) ss.



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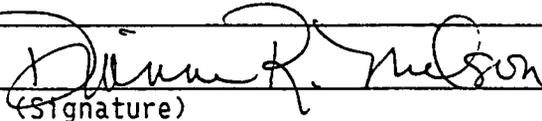
CERTIFICATION OF APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant the same, subject to the following limitations and conditions:

- (a) This transfer of notice of intention grants only the right to affect the lands described in Appendix "A".
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Contract (Form MR-RC). The surety shall be effective on the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired legal right to mine for lands described in Appendix "A".

COMMENTS:

APPROVED:



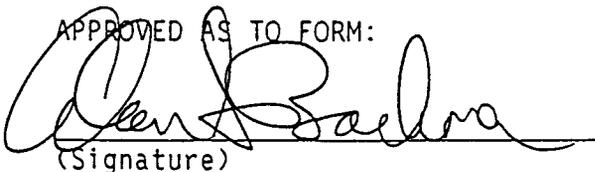
(Signature)

Director, Division of Oil, Gas and Mining

Effective Date:
NOI No.:

7/26/90

APPROVED AS TO FORM:



(Signature)

Assistant Attorney General

MN9/45-48

DOGW
MINERALS PROGRAM
FILE COPY

File Number M/045/008

Effective Date JULY 26, 1990

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED
JUL 09 1990

DIVISION OF
OIL, GAS & MINING

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/045/008
oolitic sands

"MINE LOCATION":

(Name of Mine)
(Description)

Magnesium Corporation of America (Magcorp)
Solar ponds and oolitic mining for
magnesium refinery.

"DISTURBED AREA":

(Disturbed Acres)
(Legal Description)

15 acres
Exhibit A

"OPERATOR":

(Company or Name)
(Address)

Magnesium Corporation of America
238 North 2200 West
Salt Lake City, Utah

(Phone)

84116
801-532-2043

"OPERATOR'S REGISTERED AGENT":

(Name)
(Address)

Lee R. Brown
Vice President

238 North 2200 West
Salt Lake City, Utah 84116
801-532-2043

(Phone)

"OPERATOR'S OFFICER(S)":

Donald H. Wilkinson
Thomas J. Frazer
Ira Rennert

"SURETY":

(Form of Surety - Exhibit B)

Corporate Check - Cash

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Zions First National Bank
Trust Account #8911851

"SURETY AMOUNT":

(Escalated Dollars)

\$15,278.08

"ESCALATION YEAR":

1984

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/045/008 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure to Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.

8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this 30th day of July 19 90.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
Chairman, Board of Oil, Gas and Mining

OPERATOR:

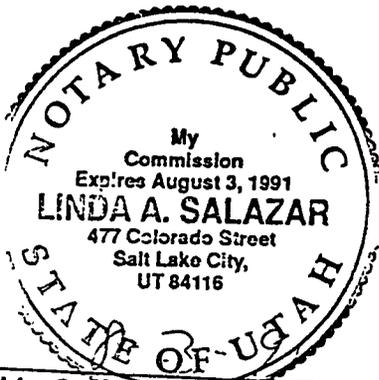
Operator Name: Magnesium Corporation of America

By [Signature] - President
Corporate Officer - Position

Date July 9, 1990

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 9th day of July, 19 90, personally appeared before me Donald H. Wilkinson who being by me duly sworn did say that he/she, the said Donald H. Wilkinson is the President of Magnesium Corporation of America and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Donald H. Wilkinson duly acknowledged to me that said company executed the same.



[Signature]
Notary Public
Residing at: [Signature]

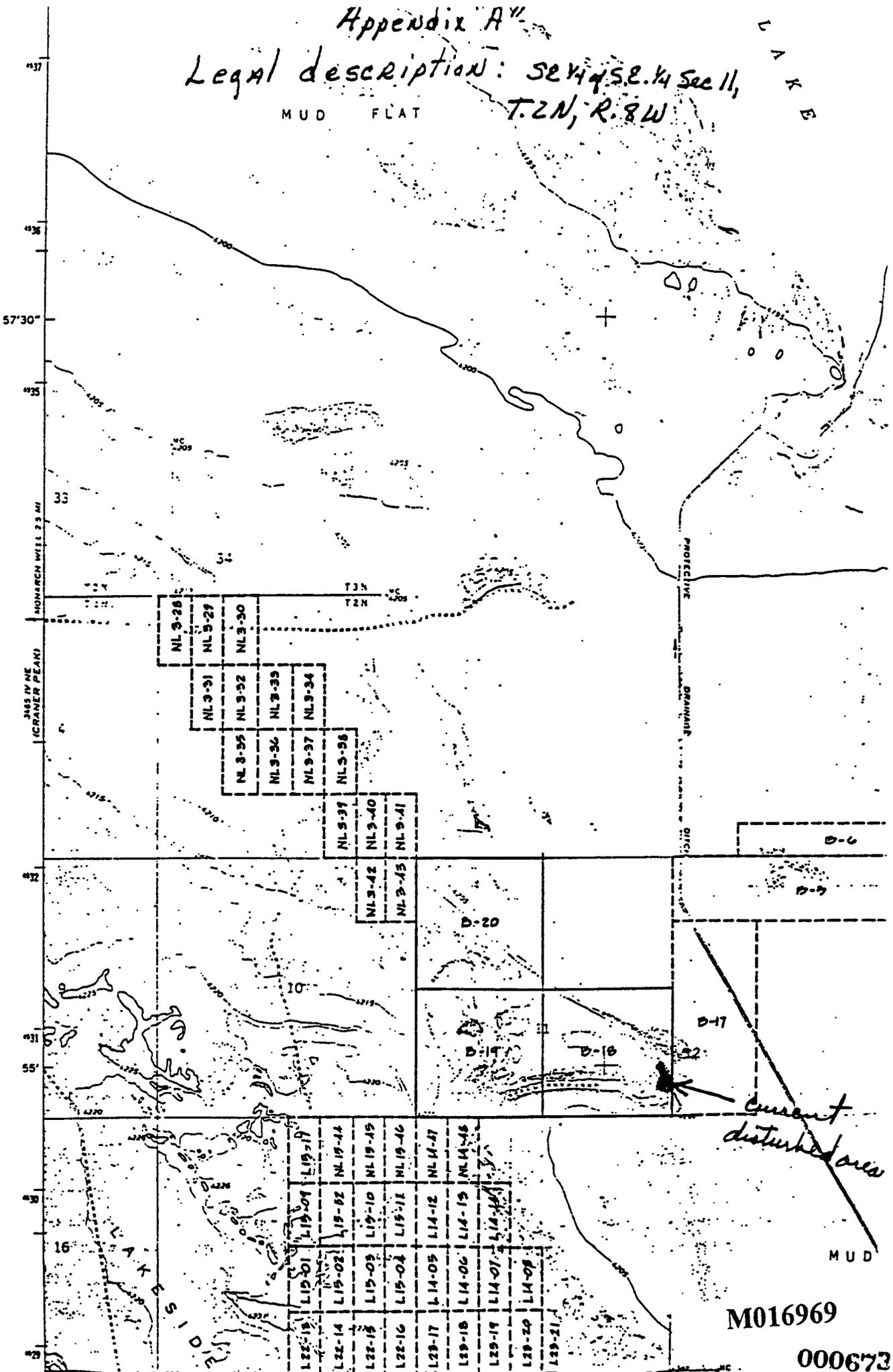
My Commission Expires: _____

Appendix A

Legal description: SE 1/4 of SE 1/4 Sec 11, T.2N, R.8W

MUD FLAT

L A K E



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